

Addendum to Underwriting Narrative

Addendum to Underwriting Narrative – Principal of the Mortgagor Section 232 (223(a)7, 223(d), 241(a))

U.S. Department of Housing
and Urban Development
Office of Healthcare Programs

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This addendum is applicable to Section 223(a)(7), Section 223(d) or Section 241(a), loans when there has been a change, or a change is proposed, in the principal ownership of the Mortgagor entity. The addendum must be provided for each new or existing principal that has not been previously approved by HUD.

Principal of the Mortgagor – <<PRINCIPAL NAME>>

<<provide this section for each principal of the mortgagor>>

Key Questions

	<u>Yes</u>	<u>No</u>
1. According to the application exhibits, is or has the Principal been delinquent on any Federal debt?	<u> </u>	<u>X</u>
2. According to the application exhibits, is or has the Principal been a defendant in any suit or legal action?	<u> </u>	<u>X</u>
3. According to the application exhibits, has the Principal ever claimed bankruptcy or made compromised settlements with creditors?	<u> </u>	<u>X</u>
4. According to the application exhibits, are there judgments recorded against the Principal?	<u> </u>	<u>X</u>
5. According to the application exhibits, are there any unsatisfied tax liens against the Principal?	<u> </u>	<u>X</u>

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If you answer “yes” to any of the above questions, please briefly address below.

<<For each “YES” answer above, provide a narrative discussion regarding the topic.>>

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Version 02-05-2009

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Organization (not applicable to individuals)

<<If the principal is an entity, provide the following:

State of Organization: _____

Date Formed: _____

Termination Date: _____

<<Organization Chart and Narrative, as applicable.>>

Experience / Qualifications

<< Narrative description of principal's experience and qualifications. Discussion should highlight direct experience and involvement in other FHA transactions. This section should clearly demonstrate that the Mortgagor has sufficient expertise from which to draw to successfully own the facility.>>

Credit History

Report Date: <<within 60 days of submission>> _____

Firm: <<Dunn & Bradstreet required for business entities>> _____

Score: _____

Key Questions

	<u>Yes</u>	<u>No</u>
1. Does the credit report identify any material derogatory information not previously discussed?	_____	_____
2. Does the underwriter have any concerns related to their review of the credit report?	_____	_____

If you answer "yes" to any of the above questions, please briefly address below.

<<For each "YES" answer above, provide a narrative discussion regarding the topic.>>

Other Business Concerns/232 Applications

	<u>Yes</u>	<u>No</u>
1. Does the Principal identify any other business concerns?	<u>X</u>	_____

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	<u>Yes</u>	<u>No</u>
a. Do any of the other business concerns have pending judgments; legal actions or suits; or, bankruptcy claims?	_____	<u>X</u>
b. Do the credit reports on the 10% sampling of the other business concerns indicate any material derogatory information?	_____	<u>X</u>
2. Does the Principal identify any other Section 232 or Section 232/223(f) loans on Part VI and Attachment Two of their certification?	<u>X</u>	_____

If you answer “yes” to any of the above questions, please briefly address below.

<<For each “YES” answer above, provide a narrative discussion regarding the topic. Example:

Other Business Concerns:

XXXXXX identified XX other business concerns in addition to the Mortgagor and the newly formed Operator discussed in this narrative. The underwriter reviewed Dunn and Bradstreet credit reports for XX Other Business Concerns identified by XXXX. {discuss each report}.... No reports indicated derogatory information that would prohibit XXXXX participation in this loan transaction.

Other Section 232 Applications:

XXXXXX identified XX other Section 232 loan application – {projects}. The applications were submitted and closed in As this is only XXXXX’s Xth FHA-insured healthcare loan, no additional reviews required by HUD Notice H 01-03 are required.

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Financial Statements

<<If Mortgagor has sufficient financial strength, no review of a principal’s financials is required. If a review of the principal’s financials is required to support approval of the loan, provide an analysis similar to the one provided for the Mortgagor, above.>>

Conclusion

<<Provide narrative discussion of underwriter’s conclusion and recommendation. For example, “XXXXXX has demonstrated an acceptable credit history and sufficient experience owning and operating this and other facilities. The underwriter recommends this principal as an acceptable participant in this transaction.”>>

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